

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

Producers 88 (4-89) — Paid Up  
With 640 Acres Pooling Provision  
STANDARD LEASE

**PAID UP OIL AND GAS LEASE  
(No Surface Use)**

THIS LEASE AGREEMENT is made this 16 day of FEB, 2009, by and between Royce Walker, known as Royce Walker, his wife and separate property whose address is 213 Edward Farris Rd Weatherford, TX 76085, as Lessor, and DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

.523 ACRES OF LAND, MORE OR LESS, BEING BLOCK 4 LOT 19, OUT OF THE CASCADE HEIGHTS ADDITIONS, AN ADDITION TO THE CITY OF HALTOM CITY, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME 388-B, PAGE 146 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

in the county of TARRANT, State of TEXAS, containing .523 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be twenty-five percent (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or

until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

**DISCLAIMER OF REPRESENTATIONS:** Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

**IN WITNESS WHEREOF,** this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF

LESSOR (WHETHER ONE OR MORE)

Signature:

Royce Walker

Printed Name: Royce Walker

Signature:

Mike Tanafello

Printed Name: MIKE TANAFELLO

PRESIDENT, DAE PROPERTY SERVICES, LLC.

**ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 16 day of FEB, 2009, by Royce Walker

Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

**ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 16 day of FEB, 2009, by Angela K Ribera

ANGELA K RIBERA  
My Commission Expires  
April 23, 2009

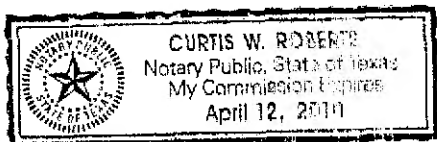
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires: 4-23-09

**CORPORATE ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 19<sup>th</sup> day of FEBRUARY, 2009, by MIKE TANAFELLO, PRESIDENT of DAE PROPERTY SERVICES, LLC, a TEXAS corporation, on behalf of said corporation.

Notary Public, State of Texas  
Notary's name (printed): CURTIS W. ROBERTS  
Notary's commission expires: April 12, 2010



## ADDENDUM

This Addendum is attached to and made a part of that certain Oil, Gas and Mineral Lease dated the 16 day of FEB, 2009, between Royce Walker, Lessor, and Dale Property Services, L.L.C., Lessee ("Lease") covering .523 acres to the center of the street, more or less, in Tarrant County, Texas as therein more specifically described (herein referred to as the "Property").

17. This is a NO DRILL lease. No part of the surface of the Property shall be used for the purpose of investigating, exploring, and/or drilling for, producing, processing or transporting oil, gas or other hydrocarbons. Minerals may be developed only by horizontal or directional drilling, or by pooling. Lessee shall have no rights of ingress and egress on, over and across the Property. Lessee shall not lay pipe lines, build roads, tanks, power stations, telephone lines or other structures on or across the Property. Notwithstanding the foregoing, neither this provision nor any other provision of this Lease shall limit Lessor's right to share in any royalties or other revenues resulting from production, delay rentals or shut-in royalties on pooled lands of which the Property is a part.

18. Property: This Lease covers only the 0.523 acres to the center of the street described in the Property; however, if it is determined that Lessor is the owner of any mineral interest under any streets, alleys, highways, railroads, canals, or rivers adjacent to the lease premises, then such acreage shall be included, by amendment if necessary, as part of the leased acreage hereunder and Lessor will be paid bonus and royalty as if any such interest had been originally described in this lease.

19. Limited to Hydrocarbons: It is also expressly understood that this Lease covers only oil, gas and other hydrocarbon substances, including sulfur produced in conjunction therewith, in and under the above described property, and that accordingly all other associated substances and minerals are excepted from the terms and provisions of this Lease and reserved to Lessor.

20. Horizontal Severance: After the expiration of the primary term of this Lease, or after cessation of continuous development as provided herein, whichever occurs last, this Lease shall terminate as to all depths lying below 100 feet below the stratigraphic equivalent of the base of the deepest formation penetrated from any well on the above described premises or upon land with which these lands may be pooled for production.

21. Royalties: Notwithstanding the provisions of Paragraph 3 of the Lease, the royalties in this Lease on oil, gas, other hydrocarbons and all substances produced therewith shall be the greater of:

- a. 25% of the fair market value of the oil, gas and other hydrocarbons produced and saved and sold from a well or wells located on said land or on lands pooled therewith without the deduction of post production costs (dehydration, compression, transportation to the pipeline to which the gas is sold, or other costs); however, any such costs which result in enhancing the value of the marketable oil, gas, or other products to receive a better price may be deducted from Lessor's share of production as long as they are based on Lessee's actual cost of such enhancements by an unaffiliated third party, and so long as said deductions are limited to the amount by which said costs actually enhanced royalty payments to be paid to Lessor; or
- b. 25% of the proceeds derived from such sale or sales, without the deduction of post production costs (dehydration, compression, transportation to the pipeline to which the gas is sold, or other costs), however any such costs which result in enhancing the value of the marketable oil, gas, or other products to receive a better price may be deducted from Lessor's share of production as long as they are based on Lessee's actual cost of such enhancements by an unaffiliated third party,

and so long as said deductions are limited to the amount by which said costs actually enhanced royalty payments to be paid to Lessor; and

- c. The market value of gas will be determined at the specified location by reference to the gross heating value (measured in British thermal units) and quality of gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition of the oil or gas produced or sold.

Additionally, Lessor shall be entitled to receive Lessor's proportionate part, 25% of all sums or other benefits payable to Lessee by virtue of products recovered or sold as a result of this Lease. Included within same term "products," but not limited thereto, is gasoline, butane, propane, other liquid hydrocarbons extracted, manufactured, or recovered by Lessee or for which Lessee might be paid. The same payment formula set forth in (a) and (b) above shall apply to these products.

22. Royalty Due: Accounting and payment to Lessor of royalties from the production of oil and gas herein provided shall commence no later than One Hundred Twenty (120) days after the date of first production as pursuant to Section 91.402; Subchapter J. "Payment for Proceeds of Sale" of Texas Natural Resource Code, Oil and Gas. First production for a gas well shall be defined as the date of first sale of gas and for an oil well the date oil is first produced, other than for testing purposes. Thereafter unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which the production occurred. Unless otherwise herein expressly provided, any royalties or other payments provided for in this Lease which are suspended or not paid to Lessor within the time period specified therefore shall accrue interest at the rate of the higher of five percent (5%) over the prevailing prime rate per annum or twelve percent (12%) per annum, from the due date until paid. Acceptance by Lessor, its successors, agents or assigns of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any and all interest due thereon under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a written notice to that effect.

23. Free Royalty: It is agreed and understood that Lessor's royalty interest will never be charged with any part of Lessee's direct cost of producing, storing, separating, dehydrating, compressing or transporting (excluding common carrier tariffs if the sales price is a market value price at a delivery point significantly removed from the wellhead). The exception shall be for those costs, and other costs contractually deducted by an unaffiliated third party in an arm's length transaction, which results in obtaining a better price, but limited to the amount by which said costs actually bettered the portion of the price to be paid to Lessor;. These provisions constitute a vital portion of the consideration for this Lease.

24. Marketing: Lessee shall always be obligated to market Lessor's royalty oil and gas ratably with its own oil and gas at the same price. The Marketing of any oil and gas from the subject premises shall be at the best price available to Lessee in the immediate area at the time of the contracting for the sale of said products. In the event Lessee is not selling its oil from the premises but is taking same in kind, Lessee agrees to purchase Lessor's share of the oil, paying therefore the current market price for oil of the same or similar grade, gravity and quality in effect on the days the oil is run to the pipeline or storage tank. In the event Lessee shall sell the gas produced from the above described premises to an intermediate gas gathering line or gas marketing company in which Lessee has an interest, Lessor's royalty will be their percentage share of the contract price received by Lessee, which such price will be reflective of an arm's length negotiation between the intermediate gas gathering line or gas marketing company with unaffiliated third parties in the area.

25. Shut-in Royalty: While there is a gas well on this Lease or on lands pooled hereunder, but gas is not being sold or used, and this Lease is not otherwise maintained in force by production or operations as herein provided, Lessee shall pay as royalty, commencing on or before 90 days after such well is first shut-in, a sum equal to Ten and no/100 (\$10.00) Dollars

per net mineral acre per annum as shut-in royalty payment during and after the primary term based on the number of acres subject to this Lease and included in the unit or development, and if such payment is made or tendered, this Lease shall not terminate and will be considered that gas is being produced from this Lease in paying quantities; provided, however, this Lease cannot be maintained in force by payment of shut-in royalties for more than 12 months consecutive or 24 months in the cumulative.

26. Amendment and Division Orders: The provisions contained herein regarding acreage covered by this Lease which shall be held by drilling operations on or production from any pooled unit or units shall not be altered or amended by any pooling unitization or like agreement or instrument, or any amendment thereto or ratification or acknowledgment thereof, unless the same shall be specifically designated as an amendment of such paragraph for such purpose. It is further agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, his successors, agents, or assigns. If Lessee shall require the execution of a division Order for payment of royalty payable under this Lease, then the only form of Division Order permitted for Lessee's use shall be such form promulgated by the State of Texas and set forth in Section 91.402(d), of the Texas Natural Resource Code as amended from time to time. Transfer Orders, if required, shall be solely for the purpose of confirming the interest transferred by Lessor. In the event of production, all division orders prepared by Lessee and its assigns shall eliminate all references to ratification of Lessee's acts, ratification of the unit and ratification of gas or oil purchase contracts. If such statements are contained therein, such ratifications are void and of no effect. Any amendment, alteration, extension or ratification of this Lease, or of any term or provision of this Lease, shall be made only by an instrument clearly denominating its purpose and effect, describing the specific terms or provisions affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be enforced, and any purported amendment, alteration, extension or ratification not so drafted shall be of no force or effect.

27. Offset Wells: In the event a well or wells producing oil or gas in paying quantities shall be brought in on adjacent Land within 330' of the leased premises, or producing gas in paying quantities within 330' of the leased premises, and draining either the Land or acreage pooled with the Land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

28. Pooling: Lessee shall have the obligation to pool all of the Property or interest therein with other lands or interests, as to any or all depth or zones, and as to any or all substances covered by this Lease into one or more pools, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop the entire Property, whether or not similar pooling authority exist with respect to such other lands or interests, subject to no prior field rules established—no Rule 86 applies in the Barnett Shale, it has special rules. The unit formed by such pooling for an oil well shall not exceed 40 acres plus a maximum acreage tolerance of 10% and for a gas well shall not exceed 40 acres plus the additional acreage listed in the table in Rule 86 of the Texas Railroad Commission for fields with a density rule of 40 acres or more. It is expressly understood that this right to pool does equally apply for an oil well and/or gas well. Production, drilling or reworking operations anywhere on an oil and/or gas unit which includes all or part of the Property shall be treated as if it were production, drilling or reworking operations on the Property, except that the production on which Lessor's royalty is calculated shall be that proportion of the total oil or gas unit production which all or part of the acreage covered by this Lease is included in the oil or gas unit bears to the total gross acreage in the unit, but only to the extent such proportion of oil or gas production is sold by Lessee. Pooling hereunder shall not constitute a cross-conveyance of interests. Notwithstanding anything set forth herein, if any part of the Property is included in a pooled unit, then all of said Property shall be included unless Lessor expressly consents to the contrary.

29. Formation of Unit: Acceptance of royalty payments by Lessor or Lessor's assigns shall never constitute a waiver of Lessor's right to contest the configuration, formation or makeup of the production unit. Lessor shall never be required to ratify the unit, without consent.

30. Release: It is understood and agreed, notwithstanding anything to the contrary contained herein, that within sixty (60) days after this Lease has expired or any portion thereof has terminated, Lessee or any assignee thereof shall furnish Lessor, or Lessor's heirs or assigns, with a recordable release of this Lease or such portions which have been terminated under the terms of this Lease. If Lessor makes written demand of Lessee to furnish a release or partial release and Lessee fails or refuses to do so within 30 days after receipt of the written demand, then Lessee shall reimburse Lessor for all reasonable expenses incurred to secure the release.

31. Hold Harmless: Lessee shall indemnify and hold Lessor harmless from and against any and all claims, actions, liability, loss, damage or expense of every kind and nature, including, but not limited to attorney's fees and costs, for damage to property including environmental damage to surface properties and underground water of any person, firm or corporation or for injury to or death of any person, including, but not limited to, the employees of Lessee, its successors, assigns, contractors or subcontractors, which may, in whole or in part, be caused by or arise out of operations conducted hereunder or the enjoyment of this Lease or the exercise of any right granted hereunder or any obligation imposed hereby.

32. Limited Warranty: This Lease is given subject to all mineral reservations of record. Lessor does not warrant that he owns any minerals in, under, adjacent to, or related to the Property, and does not warrant title to said minerals. Lessee is relying upon its own title search as to mineral ownership.

33. Addendum Provisions Govern: The foregoing Addendum and the provisions of the Addendum shall supersede and govern the provisions of the Lease, wherever those provisions are in conflict with the Addendum. This Lease, including the Addendum, shall inure to the benefit of, and be binding upon the parties hereto and other respective heirs, representatives, successors and assigns.

34. Memorandum of Oil, Gas and Mineral Lease: Lessor and Lessee hereby agree that this Oil, Gas and Mineral Lease may be placed of record by filing a Memorandum of Oil, Gas and Mineral Lease, providing for the term hereof and a description of the lands covered hereby.

35. Primary term of Lease: The primary term of the Lease, as defined in the Lease, shall be for three (3) years from the date of the Lease and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder, subject to the other terms and conditions of the Lease and this Addendum.

36. Option to Extend: Notwithstanding anything herein contained, or in the Lease, to the contrary, if at the expiration of the primary term of this lease this lease has not been, or it is not being extended pursuant to any of its provisions, then Lessee, its successors or assigns shall have the option to extend the primary term of this lease, as to all or any portion of the lands covered hereby, for an additional two (2) year(s) by paying or tendering to Lessor by check the sum of \$5,000 multiplied by the net mineral acres subject to this lease. Said payment or tender shall be made on or before the expiration date of the initial primary term and shall be considered to include the prepaid delay rental. If Lessee extends this lease as herein provided, it shall be considered that the primary term is five (5) years.

37. Force Majeure: The maximum amount of time which the Lease may be extended by force majeure for inability of the Lessee to obtain or use equipment or material, or by Lessee's inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by Lessee's inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, shall be two (2) years.

38. Elimination of Paragraph 14 from Oil, Gas, and Mineral Lease: By virtue of this Addendum, Lessor and Lessee agree that Paragraph 14 in the Lease is hereby removed in its entirety from said Lease, and that said Paragraph 14 shall have no further force and affect.

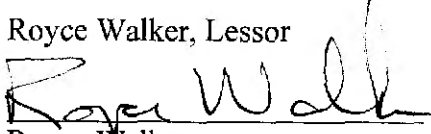
39. Paragraph 5: As used in paragraph 5, of the foregoing Lease, the phrase "commences operations" shall mean and require that Lessee penetrate the surface utilizing a drilling rig with depth capabilities to complete the well, and that after commencement of well

drilling, operations must continue with diligence in a good and workmanlike manner in a good faith effort to reach total bore depth and length, with no cessation of more than 60 total days.

40. Paragraph 15: Lessee may only exercise its option to pay and discharge any taxes, mortgages or liens as described in paragraph 15 of the Lease after having given notice to Lessor of such taxes, mortgages or liens, and given Lessor not less than 60 days to address the legitimacy of, and to pay or resolve, any such taxes, mortgages or liens. Lessee may then pay any such taxes, mortgages or liens only at its peril and if it pays any such taxes, mortgages or liens which Lessor does not owe, Lessee shall not be entitled to recoup any such payments from Lessor, nor suspend the payment of royalties or shut-in royalties hereunder.

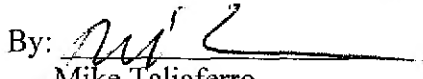
By:

Royce Walker, Lessor

  
Royce Walker

Date: 2-16-09

Dale Property Service, L.L.C., Lessee

By:   
Mike Taliaferro

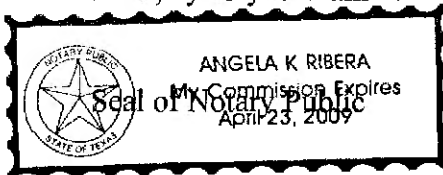
As President of Dale Property Services, L.L.C.

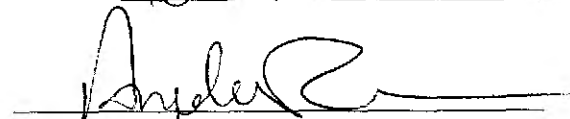
Date: 2/19/09

#### ACKNOWLEDGEMENT

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 16 day of Feb, 2009, by Royce Walker.



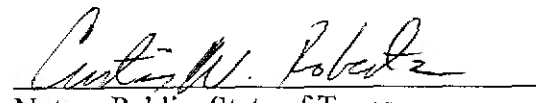
  
Notary Public, State of Texas

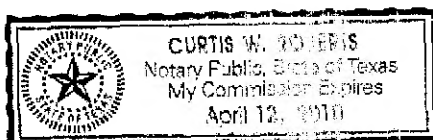
#### CORPORATE ACKNOWLEDGEMENT

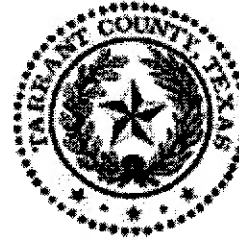
STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 19<sup>th</sup> day of FEBRUARY, 2009, by Mike Taliferro, as President of Dale Property Services, L.L.C., a Texas limited liability corporation, on behalf of said corporation.

Seal of Notary Public

  
Notary Public, State of Texas





DALE PROPERTY SERVICES  
ATTN: ANN VANDENBERG  
2100 ROSS AVE, STE 1870, LB-9  
DALLAS TX 75201

Submitter: DALE RESOURCES LLC

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
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**DO NOT DESTROY**  
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Filed For Registration: 02/20/2009 03:57 PM  
Instrument #: D209047645  
LSE 8 PGS \$40.00

By: \_\_\_\_\_



**D209047645**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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